



# California Workforce Investment Board Agenda Packet



**Tuesday**

**May 18, 2004**

**10:00 a.m. – 4:00 p.m.**

*Sacramento Employment and Training Agency  
925 Del Paso Boulevard  
Sacramento, California*



# CALIFORNIA WORKFORCE INVESTMENT BOARD

## MEETING NOTICE

**Sacramento Employment and Training Agency (SETA)  
925 Del Paso Boulevard  
Sacramento, California**



Lawrence Gotlieb  
Chairman

Christine Essel  
Vice Chair

**Tuesday, May 18, 2004  
10:00 a.m. – 4:00 p.m.**

Stated time of meeting conclusion is approximate; meeting may end earlier subject to completion of agenda items and/or approved motion to adjourn.

Arnold Schwarzenegger  
Governor

Paul Gussman  
Acting Executive Director

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AGENDA	PAGE
1. Welcome and Opening Remarks	
• Larry Gotlieb, Chair	
• Paul Gussman, Acting Executive Director	
2. Action Item - Approval of November 19, 2003 State Board Meeting Minutes	1
3. Action Item – Governor’s 15 Percent Discretionary Funds Policy	14
4. Action Item – WIA Dislocated Worker 25 Percent Policy	16
5. Action Item – Policy Development for Changes/Modifications to Existing Local Area Designations	26
Lunch Presentation: Regional Economies Project	27
6. Action Item: WIA Incentive Policy	28
7. Update on WIA Performance for Fiscal Year 2003/04 and Renegotiation of Goals	30
8. Report on WIA Funding Allocations	33
9. Department of Labor Report	

In order for the Board to provide an opportunity for interested parties to speak at the public hearings, public comment may be limited. Written comments provided to the California Workforce Investment Board must be made available to the public, in compliance with the Bagley-Keene Open Meeting Act, §11125.1, with copies available in sufficient supply.

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**Welcome and Opening Remarks**

- **Larry Gotlieb, Chair**
- **Paul Gussman, Acting Executive Director**

**Action Item - Approval of November 19, 2003 State Board  
Meeting Minutes**

**CALIFORNIA WORKFORCE INVESTMENT BOARD**  
**November 19, 2003**  
**MEETING SUMMARY**

On November 19, 2003, the California Workforce Investment Board (State Board) convened at the Sierra Health Foundation in Sacramento. The following individuals were in attendance:

**Board Members**

Larry Gotlieb, Chair  
Chris Essel, Vice Chair  
Patrick Ainsworth (designee for Jack O'Connell)  
Norris Bishton  
Kenneth Burt  
James Crettol  
Mike Dugan (designee for Bob Balgenorth)  
Evelyn Fierro  
Victor Franco  
Scott Hauge  
T. Warren Jackson  
Sukhee Kang  
Robert Levy  
Kirk Lindsey  
Minnie Lopez-Baffo  
Matt McKinnon (designee for Steve Smith)  
Sunne Wright McPeak  
Kathleen Milnes  
Elvin Moon  
Sandy Monagan (designee for Rick Mendlen)  
Bill Noce  
Patti Nunn (designee for Miguel A. Pulido)  
Art Pulaski  
Frank Quintero, Sr.  
Ron Selge (designee for Peter Nussbaum)  
Rona Sherriff (designee for Wesley Chesbro)  
Jan Vogel (designee for Jerome E. Horton)  
Pat Wise (designee for Art Pulaski)

**STAFF MEMBERS**

Andrew Baron, Executive Director  
Paul Gussman, Deputy Director  
Barbara Borges  
Megan Juring  
Dave Mar  
David Militzer  
Kevin Woolfork

**Welcome and Opening Remarks**

Vice Chair Chris Essel called the meeting to order and noted that Chair Larry Gotlieb would be arriving soon. Ms. Essel thanked the Sierra Health Foundation for hosting the meeting.

Ms. Jacqueline Segersten from the Sierra Health Foundation welcomed the State Board. She explained that Sierra Health Foundation is a private philanthropic organization devoted to promoting health and health-related activities in Northern California. She stated that Sierra Health Foundation provides grants to health-related organizations and supports a number of capacity-building programs. She noted that the conference facility is available free of charge to organizations working in health and health care endeavors.

Mr. Gotlieb joined the meeting and expressed his appreciation to Sierra Health Foundation. He proceeded to review the meeting agenda and pointed out some of the highlights.

### **Update on WIA Reauthorization**

Mr. Steve Malliaras and Mr. Ed Leslie, U.S. Department of Labor, provided a briefing on Workforce Investment Act (WIA) reauthorization.

Mr. Leslie reported that the U.S. Senate passed a reauthorization bill that week that differed somewhat from the version passed by the House of Representatives. He noted the congressional conference committee would be formed after the first of the year to examine and consolidate the two bills.

Mr. Leslie stated that both bills reaffirm the importance of business-led state and local boards. He noted that local One-Stop partner agencies will still be an important part of state boards, but local boards will be more focused on business. Mr. Leslie indicated that other key elements of the reauthorization bills are a reaffirmation of the Eligible Training Providers List; emphasis on sequence of services, from core services to intensive services to training; and a “hold harmless” approach to funding, in an attempt to stabilize funding and minimize year-to-year fluctuations. He stated that controversial issues include the consolidation of adult, dislocated worker, and Wagner-Peyser funds; the degree of flexibility for states in the administration of money; One-Stop infrastructure funding; greater emphasis on out-of-school youth; and waiver authority.

Mr. James Crettol asked for clarification as to the targeting of out-of-school youth. Mr. Leslie explained that the two bills propose different target levels for out-of-school youth. He stated that the administration supports a 70/30 out of school/in school percent split, while the Senate bill proposes a lower level. He added that the outcome of the conference committee deliberations is likely to be closer to 50/50.

On behalf of the State Board, Mr. Gotlieb expressed appreciation to Mr. Armando Quiroz, who recently retired from the U.S. Department of Labor. He acknowledged Mr. Quiroz’s assistance to the State Board in understanding the technical aspects of the WIA statute and regulations. He stated that with Mr. Quiroz’s support, California was able to do a number of innovative things, such as establishing the State Youth Council, forming a Council of Economic Advisors, and implementing a number of initiatives to increase business participation. Mr. Gotlieb presented a plaque honoring Mr. Quiroz for his contribution to California’s workforce development efforts.

Mr. Leslie accepted the plaque on Mr. Quiroz’s behalf and thanked the State Board for its recognition. He stated that Mr. Quiroz enjoyed his involvement with the State Board, and that both the Department of Labor and the State Board gained from Mr. Quiroz’s participation.

### **Opening Remarks (Continued)**

Mr. Gotlieb welcomed newly appointed State Board members Evelyn Fierro, Minnie Lopez-Baffo, and Sunne Wright McPeak. He congratulated Ms. McPeak on her appointment as the new Secretary of Business, Transportation, and Housing, and he invited her to address the State Board.

Secretary McPeak stated she was honored by her recent appointment and looked forward to serving on the State Board. She noted that Governor Schwarzenegger is committed to bringing a new way of conducting business to state government that will transcend partisan politics and geographical differences. She observed that there are signs the economy is beginning to improve, and that California needs to take action to promote economic recovery. In particular, she stated that the Business, Transportation, and Housing Agency will be seeking to improve the state's infrastructure by better integrating transportation with housing and land use.

Secretary McPeak commented that workforce preparation is critical to helping the state compete globally and achieve greater economic prosperity. She stated that the Governor's new cabinet is looking at the continuum of education to workforce preparation. She urged the State Board, as part of this process, to continue building on its partnerships with the Economic Strategy Panel, the Employment Development Department (EDD), local workforce investment boards (LWIBs), economic development corporations, and the California Department of Education. Secretary McPeak emphasized the importance of learning more about the causes of capital formation and job generation and creating more affordable housing as a way of helping all Californians share in the economic recovery. She added that the State Board's Council of Economic Advisors can play an instrumental role in identifying the best strategies to stimulate the economy.

Mr. Gotlieb praised the Labor and Workforce Development Agency (LWDA) for its prompt and effective response to the recent fires in southern California. He stated that with the support of the LWDA, California applied for an emergency job training grant for individuals and businesses affected by the fire, and that \$35 million will soon be coming to California for that purpose.

Executive Director Andrew Baron displayed a copy of the publication "Fifty Youth Stories," which was sent to all State Board members and legislators. He stated the document describes in detail the best practices and innovative programs instituted by the 50 local youth councils in the state. Mr. Baron acknowledged the Youth Council Institute for its assistance and support, and he thanked the young people throughout the state who were willing to share their stories. He encouraged all State Board members to read the publication to get an idea of how youth programs benefit young people throughout the state.

Mr. Baron stated the SYC developed a policy on high concentrations of eligible youth and strategies for assisting in those areas.

Mr. Baron noted that the U.S. Department of Labor recently awarded a grant to the State Board for improving transition outcomes for youth with disabilities. If activities under the grant are successfully implemented, the State Board could be funded for an additional four years, for a total of \$2.5 million. Mr. Baron added that this is the third successful grant application to come about through the efforts of the Universal Access Work Group.

Mr. Baron drew the State Board's attention to the agenda packet and the report "Farm Worker Forums: Everybody Needs a Choice." He noted that the Farmworker Work Group held a series of four forums throughout the state and developed a number of recommendations based on feedback from forum participants; those recommendations are embodied in the report.

Mr. Baron expressed his personal appreciation to the State Board and the staff for their hard work and support.

Mr. Gotlieb invited Mr. Matt McKinnon to update the State Board on recent activities of the Labor and Workforce Development Agency.

Mr. McKinnon announced that Ms. Victoria Bradshaw had just been appointed Undersecretary of the LWDA. He noted that Ms. Bradshaw previously served as Labor Commissioner and directed the Employment Training Panel (ETP), so she brings a wealth of experience and knowledge to the position.

Mr. McKinnon stated the LWDA has been working to streamline the grant process and expedite the rate at which money is allocated and disbursed. He noted that the Labor Agency has been able to balance the budget of the Governor's 15 Percent Discretionary Fund. In addition, the Governor's 25 Percent Rapid Response account has achieved a positive balance. With the improvements in the grant process, it should increase our chances for receiving national emergency grants to meet the state's rapid response needs.

Mr. McKinnon described an LWDA initiative to combine State Board and ETP activities. He noted that the ETP will be considering a life sciences initiative in the Los Angeles area at its November 20 meeting. That program, involving a local workforce investment board and Baxter Pharmaceutical, takes an ETP approach to job creation. Mr. McKinnon thanked Mr. Vogel for his assistance in putting together local funding for the initiative.

#### **Approval of State Board Meeting Minutes**

A motion was made and seconded to approve the minutes of the May 21, 2003, State Board meeting. The motion was carried unanimously.

#### **WIA 25 Percent Dislocated Worker Funds Work Group Report**

Mr. Ken Burt reported that the 25 Percent Dislocated Worker Funds Work Group met for the first time on October 6 to explore ways of expediting the process for getting rapid response funding to local areas. He drew attention to the material in the meeting packet for a more detailed description of the issues discussed by the work group.

Mr. Burt stated that the work group recommends the State Board formally recognize EDD for working with the California Workforce Association (CWA) and local areas to improve the process. Second, the work group requests that the Board approve its plans for developing recommendations on funding priorities for next year.

Mr. Burt made a motion, which was seconded, to formally recognize EDD for working collaboratively with CWA and the local areas to improve the process. He requested that the staff personally convey the State Board's appreciation to the EDD staff.

Mr. McKinnon asked if the work group was apprised of the formal written process that was developed regarding the 25 percent funding. Deputy Director Paul Gussman noted that the motion supports the process developed by the State Board staff and EDD. Mr. Dave Mar stated that the staff plans to work with EDD on an ongoing basis to identify further ways in which the process may be improved.

Mr. McKinnon expressed his support for continuing improvement. He asked the staff to apprise the work group of their deliberations with EDD so that the work group can understand how the process will work. He noted that the intent of the improvements is to create an open, fast-moving process in which all concerned parties can play a part. He suggested that the State Board look into the process in more detail at a future meeting.



Mr. Burt sought to clarify the point that the intent of his motion was to recognize the fact that all players were working together and that the money was indeed getting out faster. He emphasized that the work group has only met once, and that the process will evolve and improve over time.

Mr. Burt made a motion, which was seconded, to approve the work group's plans for developing recommendations on funding priorities for the next year. He clarified that the work group was not yet proposing any priorities on the process for developing the criteria. This motion was also carried unanimously.

### **Approval of Draft WIA Five-Year Plan Supplement**

Mr. Kevin Woolfork presented a set of proposed modifications to California's five-year strategic investment plan. He noted that the modifications had been developed in consultation with EDD, the LWDA, the U.S. Department of Labor, and other stakeholders, and he expressed his appreciation for their efforts.

Mr. Woolfork stated that the modifications fall into five basic categories: (1) state vision and goals, (2) leadership, (3) strategies for improvement, (4) performance management, and (5) administrative responsibilities and signatures. He described the specific modifications being proposed. Mr. Woolfork noted that structural changes include recognition of the new Labor and Workforce Development Agency, adoption of the State Board's revised strategic goals, and creation of the State Youth Council. He mentioned the changes to the state incentive policy and failure-to-perform policy. Other modifications include the State Board's policy on high concentrations of eligible youth, recertification of LWIBs and subsequent designation of local workforce investment areas (LWIAs), and policies related to services for high-priority groups.

Mr. Art Pulaski made a motion, seconded by Mr. Bill Noce, to approve the proposed modifications and to authorize the Chair (Mr. Gotlieb) to submit the final supplement after the comment period.

Mr. Victor Franco asked about the process for obtaining public comment. Ms. Megan Juring responded that the modifications will be published on the State Board's Web site and that the public will have 30 days to submit comments. Staff will then compile comments and document the responses. She noted that the staff can update State Board members at the end of the comment period if any significant issues are raised. Ms. Juring added that all of the modifications are items that have been approved by the State Board in the past.

Mr. Pulaski's motion was put to a vote and carried unanimously.

### **Approval of Chair's Submittal of Final WIA Title 1B Annual Report**

Mr. Pulaski noted that California's WIA Title 1B Annual Report to the federal government provides an update on the State Board's initiatives, outcomes, and successes, and that it includes performance information on the 17 performance standards. He indicated that staff is currently in the process of compiling information submitted from each of the 50 LWIBs, and that the report will be mailed to State Board members within the next week. In order to meet the federal deadline of December 1, State Board members will need to submit comments as promptly as possible.

Mr. Pulaski drew the Board's attention to Page 17 of the agenda packet for an outline of the major sections in the report.

Mr. Pulaski made a motion, seconded by Mr. Vogel, to authorize Chair Gotlieb to approve and transmit the final document.

Ms. Virginia Hamilton, CWA, commented that while the State Board has made some progress during the past year, there are a number of items that are still works in progress and need to be completed. She recommended that the State Board take steps to better align the discretionary funds budget with its goals and priorities. In particular, Ms. Hamilton noted, the California Cooperative Occupational Information System was defunded, so the State Board should look for another way of providing local labor market information. In addition, she emphasized the importance of funding capacity-building programs to provide training and technical assistance to local boards. She recommended increasing investment in capacity-building to make up for the \$175 million in federal funding lost over the past four years. Ms. Hamilton expressed support for the State Board's strategic goals, but noted they are ineffective without some funding or action attached to them.

Mr. Kirk Lindsey agreed with Ms. Hamilton's remarks about aligning goals with funding. He asked what next steps the State Board can take to address this issue. Ms. Nunn suggested deferring that discussion until the State Board's strategic planning session. Mr. Gotlieb agreed, noting that the State Board will have received further guidance from the new administration by then.

Ms. Kathleen Milnes observed that the State Board still supports the strategic goals. She noted that the goals were validated and expanded upon at last year's strategic planning session. Ms. Milnes recommended developing a strategy to tie the 15 percent money to the goals. As an example, she stated, the Los Angeles Workforce Investment Board's annual budget is laid out in a matrix showing which programs fit under each of the city's strategic goals, how much funding is allocated, the current status, and outcomes. Ms. Nunn supported the approach proposed by Ms. Milnes. She noted that the State Board should provide clear guidance to local boards as to what is available, what types of programs exist, and whom the collaboratives should involve.

Mr. Simmons recommended that the State Board make use of two reports prepared by the Economic Strategy Panel, a first-year report entitled "A Call to Action," and a second report on how to improve the economic status of the state. He advocated working closely with the Economic Strategy Panel to develop an effective economic strategy for the next five years.

Ms. Rona Sherriff observed that it is difficult to plan strategically without knowing what resources have already been invested. As a way of improving accountability, she suggested making information available on how funds have been allocated, what the current priorities are, and how funding decisions are made. She noted that having this kind of information will facilitate more rational planning and decision-making.

Mr. Militzer noted that the Annual Report will contain information on how the WIA Governor's 15 Percent Discretionary Funds have been used over the past year and what initiatives are being supported. The report will also provide information on categorical programs and the amount of funds allocated. He welcomed further input from State Board members after the Annual Report is mailed out.

Mr. Vogel asked whether Annual Report information can be made available to State Board members sooner next year. Mr. Gotlieb pointed out that this year's recall election disrupted the normal State Board meeting schedule. He also observed that the turnaround time is better this year than in past years.

Mr. Leslie informed the State Board that the U.S. Department of Labor will be moving the deadline to October 1 next year. He stated his staff gets phone calls from the Department of Labor in Washington if the data is late. He recognized that the State Board needs to be comfortable with the data California submits, but he urged the State Board to try to do its best to meet the deadline.

Ms. Milnes observed that the annual report consists of two major pieces, the compliance data and the summary of accomplishments. She asked if it would be possible for California to submit the annual report in two installments. Mr. Leslie strongly recommended getting all the data in on time. He stated that the Department of Labor needs both sets of data to complete its annual report to Congress, so splitting the information would not be helpful.

Ms. Liz Clingman of EDD explained that the issue related to data availability is complex because there are a number of sources that need to submit information. She stated that the Department of Labor specifies which quarters of data need to be compiled for the Annual Report, the definition of the measures to be used, and the time frames associated with those measures. EDD, in turn, is required to validate the data submitted by local areas through the unemployment insurance base wage file, a process that cannot be completed until employers submit data, and employer information is not available until the end of October or beginning of November. Ms. Clingman stated that the time crunch is primarily due to the delay in the availability of the validation tools. She added that the Department of Labor implemented a new validation software system this year, which created some additional glitches.

Mr. Gotlieb asked that the Performance Based Accountability Committee work with the staff to establish a more sensible data reporting schedule for next year.

Mr. Pulaski's motion to approve submission of the Annual Report was put to a vote and carried unanimously.

#### **Adoption of Conflict of Interest Code**

Mr. Gotlieb drew the State Board's attention to the proposed conflict of interest code. He noted that the State Board staff has worked with the Fair Political Practices Commission (FPPC) to tailor the disclosure requirements to what the State Board actually does, and the result is a much narrower range of reporting categories.

Mr. Woolfork explained that there are two filing categories, one for the State Board's information systems staff, and another for everyone else. State Board members are required to report interests in businesses or services with which the State Board directly contracts; information systems staff must report income received from computer entities with which the Board directly contracts.

Mr. Lindsey made a motion, which was seconded, to approve the conflict of interest code as proposed. The motion was carried unanimously.

#### **Approval of Los Angeles County WIB Recertification, Subsequent Designation of City of Oakland and City of San Bernardino Local Workforce Investment Areas**

Mr. Pulaski noted the State Board holds local workforce investment boards (LWIBs) accountable for certain performance standards. Because the Los Angeles County Workforce Investment Board (LACWIB) failed to show that a majority of its members were from the private sector, it was deemed out of compliance and given provisional status last year. Since that time, the LACWIB has taken corrective action, and 27 of its 51 members are now private-sector business people. Mr. Pulaski recommended upgrading the LACWIB from its provisional status to full recertification status. He made a motion to that effect, and the motion was seconded.

Mr. Dave Mar introduced Ms. Josie Marquez, director of the LACWIB, who had requested an opportunity to address the State Board.

Ms. Marquez acknowledged that the LACWIB had been out of compliance with the membership requirement. She stated that the LACWIB has established a special group to look at membership on an ongoing basis and to ensure that vacancies are filled with business representatives. She added that LACWIB is committed to meeting the needs of the local community, building greater capacity, and implementing stricter performance measures. Ms. Marquez expressed her appreciation to the State Board staff for their assistance.

Mr. Pulaski's motion was put to a vote and carried unanimously.

Mr. Pulaski noted that there were two LWIAs last year that did not meet the performance measures established by the State Board. He reported that both the City of Oakland and the City of San Bernardino have since made improvements and are now in compliance. He stated that Oakland met or exceeded nine of eleven standards by at least 80 percent, and San Bernardino is expected to be in full compliance as well. Mr. Pulaski recommended upgrading their provisional redesignation to subsequent designation. He made a motion to that effect, which was seconded.

Mr. Mar stated that the staff recently received the final data from San Bernardino and confirmed their full compliance. He commended both local areas for their diligence in taking the corrective actions necessary to improve their performance.

Mr. Pulaski's motion was put to a vote and carried unanimously.

**Lunch Presentation: WIA Title II Adult Education and Literacy Update**

Mr. Patrick Ainsworth, Ph.D., California Department of Education (CDE), and Ms. Wendy Maxwell provided information on WIA Title II adult education and literacy programs.

Mr. Ainsworth reported that Superintendent Jack O'Connell reorganized the CDE to consolidate adult education, alternative education, secondary education, and career technical education within the same division. He said the reorganization has made it possible to look at youth in a more comprehensive way and to ensure a smoother transition for young people into adult life. Mr. Ainsworth noted that the adult education system is functioning well, and that hundreds of thousands of California's adults are taking advantage of the opportunity to enhance their literacy skills. He stated that the system is truly performance-based; educational institutions receive no payment for any student unless the student makes some progress. He added that this emphasis on accountability has forced some institutions to undergo significant changes in their cultures.

Ms. Maxwell presented information documenting the literacy problem in California and the impacts of poor literacy on individuals, families, and the overall economy. She discussed the relationship between education levels and income. She showed a video describing one student's success story.

Ms. Maxwell stated that there are 356 adult schools in California, and the state allocates \$537 million to support their programs. Adult education programs serve approximately 1.4 million students. Ms. Maxwell noted that adult programs are typically self-paced and offered at various times and days. In English-as-a-second-language (ESL) classes, students with limited language skills are paired with more advanced peers to promote learning.

Ms. Maxwell noted that WIA Title II provides California with \$84 million per year for performance-based literacy programs serving over 700,000 students. Providers include adult schools, community colleges, community-based and faith-based organizations, library and volunteer tutoring programs, and state agencies.

Ms. Maxwell described how Title II works as a mandated partner in the state's One-Stop system. She said Title II provides intensive services, educational assessments, literacy tests and literacy classes, and referrals to partner agencies. Ms. Maxwell stated that during the coming year, CDE plans to identify successful partnership models and disseminate that information back to One-Stop partners, to develop a formal literacy and workforce policy for the State Board, and to monitor the reauthorization process jointly with the State Board.

Ms. Maxwell drew the State Board's attention to the materials in the meeting packet. She stated that letters will be sent to Title II agencies urging them to partner with their LWIBs. She reviewed the results of a recent survey of One-Stop partnerships regarding their programs, their levels of satisfaction, strengths, and barriers. She noted that respondents recommended developing statewide comprehensive access plans, improving communications at the state level, streamlining procedures, and making data and accountability systems compatible.

Ms. Maxwell noted that WIA reauthorization provides an opportunity for Title II to work more closely with the One-Stops to provide in-kind services and support. She welcomed greater cooperation between the State Board and Title II.

Mr. Ainsworth advocated stronger partnerships between education and the workforce development system. He noted that CDE's recent consolidation will make such coordination easier.

Mr. Simmons recommended reaching out to One-Stop providers in addition to LWIBs. He asked what efforts are being made to help One-Stop providers comply with state standards. Mr. Ainsworth stated that CDE has program consultants who provide technical assistance. He noted that auditors visit programs that are out of compliance to help identify specific causes and establish a time frame for improvement. Ms. Maxwell added that consultants make site visits to all new agencies. She commented that if audits reveal significant compliance issues, payments can be withheld.

Mr. Burt expressed support for stronger linkages between adult education and workforce investment. He noted that many adult education teachers report that their students find it difficult making the transition from school to the job market, and he recommended providing more help in that area. Ms. Maxwell said Title II provides funding for vocational ESL and vocational adult basic education classes that help address this problem.

Mr. Simmons recommended inviting LWIBs and service providers to help the CDE in designing programs that integrate WIA with education and the One-Stop system. He volunteered to assist in that effort.

Mr. Lindsey asked how the adult education system can help employed people improve their skills and advance to better jobs. Ms. Maxwell explained that Title II is specifically targeted for people whose literacy skills are below high school level. Mr. Ainsworth stated that students who complete adult education programs can be channeled into other vocational programs or community colleges to build additional skills.

Ms. Essel thanked Mr. Ainsworth and Ms. Maxwell for their presentation.

#### **Approval of One-Stop Certification and Marketing Workplan**

Ms. Essel invited Ms. Pat Wise and Mr. Militzer to discuss the One-Stop Certification Work Group's proposed One-Stop certification and marketing work plan.

Ms. Wise drew attention to the materials under Item 9 of the agenda packet. She reported that the One-Stop Data Stakeholders Work Group met twice to discuss basic standards for One-Stop certification. She stated that the proposed work plan calls for a two-step process of developing basic standards and then quality standards, creation of a self-study guide, training on the use of the self-study guide, and marketing activities. She recommended that the Board approve the work plan.

A motion was made and seconded to approve the work plan as proposed. The motion was carried unanimously.

**Panel Presentation: Workforce and the Health Care Industry**

Mr. Steve Levy, Center for Continuing Study of the California Economy and Chair of the Council of Economic Advisors, said the State Board faces two challenges: (1) helping the economy move forward by looking at industries and occupations that can grow and bring new income to California, and (2) helping unemployed and disadvantaged people find work and careers. Although manufacturing jobs have steadily declined in the U.S. in recent years, jobs in other sectors are expanding. For example, health care in particular shows striking prospects for future employment growth and appears to be a recession-proof industry.

Mr. Levy introduced Ms. Sandy Kirschenmann, Los Rios Community College District; Ms. Rita Sklar, Bay Area Works; Mr. Mike Dardia, Sphere Institute and California Association of Health Facilities (CAHF); and Mr. Richard Holden, EDD. He indicated the panelists, representing education, workforce development, health care, and government, would be discussing possible ways of preparing for that growth and meeting future needs.

Ms. Kirschenmann focused on the growing need for registered nurses in California and throughout the U.S. She stated that the demand for nurses far exceeds the capacity of the state to train them, and filling vacancies is a constant challenge for most hospitals and health care institutions throughout the state. Ms. Kirschenmann noted that Sutter Health estimates they spend \$30 million per year on training registered nurses because efforts to recruit qualified nurses from foreign countries and other states have not kept up with their needs.

Ms. Kirschenmann stated that the chief factor causing the nursing shortage appears to be the lack of capacity to train new nurses. She noted that although many nurses are reaching retirement age, wages in the field are generally fairly high and many people are interested in nursing careers. However, there are not enough nursing schools, not enough capacity at the schools that exist, and insufficient funding to support nursing education. Ms. Kirschenmann explained that community colleges receive the same amount of funding for nursing programs as for other types of courses, but the costs of providing education are much higher due to clinical costs, instructional costs, and workers' compensation costs. As a result, many community college districts are unwilling or unable to offer nursing education.

Ms. Kirschenmann commented that in the Sacramento area, Sutter Health has stepped forward and invested \$15.5 million in a project with the Los Rios Community College District. In addition, Los Rios has taken advantage of state funding available through the Nurse Workforce Initiative. As a way of increasing capacity, Ms. Kirschenmann advocated for differential funding for nurse workforce education. She also recommended participating in partnerships with local health care providers such as Sutter Health.

Ms. Kirschenmann noted that educating nurses is a time-consuming and rigorous process. She stated it takes a minimum of 28 months to train a person, and ideal candidates need enormous investigative skills and talent in order to succeed.

Ms. Sklar discussed what Bay Area Works is doing to train workers in the region for high-paying jobs in health care. She explained that Bay Area Works is an employer-driven collaborative of industry, education, and workforce people dedicated to providing employers with easier access to qualified employees. Bay Area Works tries to pair employers with people needing work in the nine-county Bay Area.

Ms. Sklar described a small-business demonstration project involving focus groups in targeted regional industries. By identifying employer needs in certain fields, Bay Area Works provides technical assistance in developing plans to provide services that meet those needs.

Ms. Sklar stated that Bay Area Works has four sector initiatives: healthcare, life science, construction, and information technology. She noted that in the field of health care, Bay Area Works has assembled a group of employers from hospitals and health care systems, community clinics, educational institutions, workforce development agencies, community-based organizations, and labor, representing all the major stakeholders in the health care arena. Bay Area Works conducted a gap analysis based on EDD projections and a survey of educational institutions in the nine-county Bay Area. The gap analysis identified employment needs in pharmacy, laboratory, diagnostic imaging, nursing, and office support.

Working with the health employers panel, Ms. Sklar indicated, Bay Area Works prioritized the top positions in health care and decided to focus on three: registered nurses, radiologic technicians, and clinical lab and medical lab technicians. The health employers panel formed three task forces based on these positions, and those groups began looking at causes of shortages, barriers, and strategies for meeting future employment needs.

Ms. Sklar reviewed some of the strategies for dealing with shortages of health care professionals. She noted that they include increasing funding for community colleges and state universities, ascertaining which prerequisites are tied to success in training, doing more outreach and recruiting to nontraditional and diverse populations, developing new educational programs, and promoting career opportunities.

Mr. Dardia discussed a CAHF initiative to expand the CNA workforce. He presented information about CNA wage rates and workplaces and noted that the typical turnover rate in nursing home facilities is 100 percent per year. Mr. Dardia stated that in response, CAHF will be conducting a survey to determine why CNAs leave the industry, where they go, and what can be done to attract them back.

Ms. Lopez-Baffo asked if there are any mentoring programs for CNAs. Ms. Monagan responded that CAHF used 15 Percent Discretionary Fund money to place 2,000 CNAs in jobs, and that there are efforts to develop career ladders to keep people in the field.

Mr. Holden reported that EDD has produced four reports focusing on various facets of the health care industry. The first report, entitled "Help Wanted: Making a Difference in Healthcare," is aimed at educators, human resources people, government policy makers and economic development organizations. The report presents a gap analysis showing the skills and employment needs in different health care occupations. Mr. Holden stated a second report deals with building career ladders. He displayed samples of other career guides and posters illustrating the tasks, requirements, wages, and outlook for a wide range of health-related occupations.

Mr. Holden noted that EDD is also looking at ways of helping employers recruit entry-level RNs to meet the current nursing shortage. He stated that in looking at career ladders, EDD examined where medical assistants and LVNs are currently working. Because most medical assistants and LVNs work in places other than hospitals, it can be challenging to create transitions across industries and across geographical

areas. Mr. Holden displayed a chart illustrating the skills and knowledge required for nursing compared to other health care occupations. Again, he emphasized the importance of identifying training candidates with appropriate interests and orientations.

Mr. Holden stated that based on its research, EDD recommends greater collaboration and coordination among educators, employers, professional associations, and certifying agencies. EDD also recommends building a bridging program and using assessment tools to find candidates whose interests and values match those in health care occupations. Mr. Holden noted that EDD is sharing this information with LWIBs, educational institutions, and health care providers in order to promote capacity-building and staff development.

Mr. Holden stated that EDD will be releasing a report on biotechnology careers sometime in January. He noted that California is a hotbed of biotechnology compared to the rest of the nation. He added that biotechnology is another field related to health care that is expected to grow considerably in the future.

Ms. Kirschenmann noted that the Nurse Workforce Initiative provides grants for innovation and capacity-building. She stated that for political reasons, the innovation grants were rolled out first, but it would have been better to release the capacity grants first. She urged the State Board to advocate for the roll-out of the capacity grants. Ms. Kirschenmann recommended maximizing funds by using them in areas where there are numerous locations for students to obtain clinical experience. She pointed out that using these funds in rural areas with limited training sites limits the state's capacity to train large numbers of students. Ms. Kirschenmann also suggested requiring grant dollars to be matched by local providers so they can be leveraged more efficiently. She noted that many federal job training funds are not available for health care; expanding eligibility for those funds would be a great help. Ms. Kirschenmann pointed out that health care jobs require good skills and pay well, so they should be used to put American citizens back to work.

Ms. Essel thanked Mr. Levy and the panelists for their presentation.

### **Presentation: California Regional Economies Project**

Ms. Kathleen Milnes explained that the California Regional Economies Project uses the regions of the state identified by the Economic Strategy Panel to identify key industry clusters and examine economic changes and long-term trends. She stated that the purpose of the project is to continuously measure performance throughout the California economy, to improve economic and workforce development planning and decision-making, and to bridge economic and workforce policies. She recommended that the 25 Percent Work Group consider earmarking funds for this kind of economic and workforce trend analysis.

Mr. Ed Kawahara, California Economic Strategy Panel, displayed a slide depicting the nine economic regions in California. He stated that the first phase of the project focused on the Bay Area, and the next economic region studied was the Northern Sacramento Valley. He presented some of the research findings for the Bay Area.

Mr. Kawahara displayed slides depicting employment rates in specific industry clusters between 1990 and 2002. He pointed out that while certain sectors of the economy, such as manufacturing, experienced a continuing decline, other sectors, like biotechnology and health care, experienced steady growth. Mr. Kawahara traced these trends through the economic downturn in the late 1990's. He reviewed average wages for the major industry clusters. He also showed how each cluster includes suppliers and support services that are also affected by the trends.



Mr. Kawahara noted that the quantitative data needs to be supplemented with a qualitative analysis based on input from business owners and industry representatives. He stated the California Regional Economies project sponsored a forum to gather that kind of qualitative perspective. He added that the data needs to be disaggregated in order to make it more useful to planners and decision-makers in each region.

Ms. Trish Kelly commented that each iteration of the project will produce better and more refined data. She noted the input from employers and educators was extremely valuable in identifying the kinds of skills workers need and the gaps in the present system. She encouraged LWIBs to join together to develop regional economic strategies.

Ms. Hamilton stated that CWA will be working with the California Regional Economies Project to help LWIBs organize regional meetings where information and lessons learned can be shared and used to develop future plans. Mr. Kawahara acknowledged and thanked CWA for helping with this effort.

Mr. Essel thanked Mr. Kawahara for his presentation.

**Other Business**

There were no other items of new or old business brought to the State Board's attention. Ms. Essel thanked all participants for their attendance and adjourned the meeting.

**Action Item – Governor’s 15 Percent Discretionary Funds Policy**

## **Governor's 15 Percent Discretionary Funds Policy**

### **Recommended Action**

The State Board approve the proposed criteria for the WIA Governor's 15 Percent Discretionary Fund beginning Program Year 2004-2005. The Administration has identified three major areas for usage of the WIA Governor's 15 Percent Discretionary funding. They include:

- Development and support of projects that produce high wage, high skilled, stable jobs and provide the greatest opportunity for job growth.
- Development and support of projects in industries where there is a statewide need for workers.
- Development and support of projects that remove barriers to employment for special needs populations.

### **Background Information**

The Federal Workforce Investment Act (WIA) of 1998 provides that a Governor may reserve up to 15 percent from each of the amounts allotted to the three funding streams (adult, youth, and dislocated worker) for statewide workforce investment activities. California has experienced a decrease of \$175 million in WIA funding over the last four years. That represents a 28% reduction. Other funding sources such as School-to-Career and Welfare-to-Work have recently come to an end as well. These funding reductions have caused a strain in the system, especially in the area of funding available for actual worker training programs. These circumstances have forced the State to examine how business is conducted and how we need to retool and leverage resources to maximize investments in job creation and workforce development. It also provides an opportunity for the State to examine how business is conducted and how best to maximize investments in job creation and workforce development.

The intent of establishing the following priorities is to focus resources on workforce development services, primarily job training and retraining, that direct Governor's 15% funds to areas where there is a maximum return on investment both in assisting job seekers to enter employment and to retrain existing workers in high-need and high wage sectors of the economy. The following policy language is being recommended for use in the allocation of the Governor's WIA 15 Percent Discretionary funds beginning in Fiscal Year 2004-2005. Each project that is awarded funding from the Governor's 15 Percent Discretionary Fund must fall into one of the three categories.

### **Growth Industries – High Wage, High Skill Job Training**

Projects in this category will be designed to ensure the availability of the high-wage, highly skilled workers that California's businesses need to succeed and expand. They will address two types of industries: those where current skill shortages are hampering or slowing business growth, and those expected to play major roles in the expansion of California's economy.

**Industries with a Statewide Need – Expansion of Workforce**

Specific industries and industry sectors such as health care have a well-documented shortage of workers. Other sectors, such as bioscience, are experiencing rapid growth and require a skilled workforce to fill the jobs that are being created. Projects funded under this category will address both short and long-term efforts to build and sustain a diverse workforce within California. Specifically funded projects will provide job skill training for occupations where significant shortages exist, or where shortages can be projected based on documented labor market and economic development forecasts.

**Removing Barriers for Special Needs Populations**

Regardless of their skill level, significant segments of California workers face barriers to achieving and maintaining employment. At the same time, businesses are unable to find both entry-level and skilled workers to fill available jobs. Projects funded under this category will provide customized services to assist individuals prepare for and gain employment, often in jobs that businesses may otherwise be unable to fill.

As the WIA Governor's 15 Percent Discretionary funding becomes available, State Board and Employment Development Department staff under the direction of the Labor and Workforce Development Agency will use the policy criteria and direction outlined above to develop recommendations for awarding available funds.

**Action Item – WIA Dislocated Worker 25 Percent Policy**

- **Attachment 1 - Policy for California Workforce Investment Act:  
Dislocated Worker 25 Percent Funding Beginning Fiscal Year 2004/05**
  - **Appendix A – Priorities for Rapid Response Competitively Funded  
Projects: Proposed Funding Approach**
  - **Appendix B – 25 Percent Additional Assistance Funding Approach**

## WIA Dislocated Worker 25 Percent Policy

### Recommended Action

The State Board adopt the Dislocated Worker 25 Percent funding policy, which includes the following four components:

#### 1. Dislocated Worker 25 Percent set-aside

Recommend that the State set-aside 25 percent of the dislocated worker funding, for California's Rapid Response System and to provide additional assistance to dislocated workers in the local areas. Further recommend that one-half of the Dislocated Worker 25 Percent set-aside be reserved for Rapid Response activities and one-half reserved for additional assistance to local areas, as permitted in the Workforce Investment Act.

#### 2. Definition of the Role of the Rapid Response System

The State Board adopt the attached definition as the role of the Rapid Response system (See *Attachment 1*).

#### 3. Rapid Response System Funding Allocation

Divide the Rapid Response funds into three parts and allocate using the following three categories:

- Provide baseline funding to each local area for the coordination of rapid response activities. This category will ensure funding, at minimum, for a rapid response coordinator in each local area. In areas with minimal dislocation events the funding will allow for capacity building particularly in rural areas.
- Layoff-based funding for LWIAs that serve regions where significant numbers of dislocation events occur based on quantitative data. This category will ensure California meets WIA requirements to provide services to assist groups of workers affected by mass layoffs, permanent business closures and natural or other disasters.
- Competitive funding for projects proposed by LWIAs that submit grants according to the Rapid Response priorities recommended by the State board and adopted by the Governor (See *Attachment 1*).

#### 4. Dislocated Worker Additional Assistance

Approve the criteria for the allocation of the Dislocated Worker Additional Assistance (See *Attachment 1*).

### Background

The Dislocated Worker 25 Percent Funds Workgroup (Workgroup) was established by the State Board to develop a policy that guides and defines a workforce system that provides effective rapid response and ensures timely additional dislocated worker assistance to areas in need. On March 29, April 15, and May 7, 2004, the Workgroup met to develop a recommendation to the State Board for a policy to allocate the Dislocated Worker 25 Percent Funds beginning Fiscal-Year 2004-05.

The Workforce Investment Act (WIA) provides that the Governor may reserve up to 25 percent of the dislocated worker funds allocated to the State to perform “rapid response” in situations of significant worker displacements. Rapid response activities inform individuals how to access services through the One-Stop Career Centers and assists employers to minimize the affects of layoffs and avert further layoffs. The law outlines the types of activities to be performed. The law also outlines that once adequate funding has been set aside to ensure rapid response is conducted, the balance of the dislocated worker 25 percent funds may be used to provide additional assistance to local areas where there are insufficient local resources to address the needs of workers affected by significant layoffs or business closures.

Since the implementation of WIA in California, there have been questions regarding the timeliness, equitable distribution, and appropriate uses of the State’s share of WIA dislocated worker funds. The Workgroup carefully discussed the implications of any recommended policy on all LWIAs and how to ensure no LWIAs unfairly carried a disproportionate degree of a loss of Rapid Response funding from PY 2003-04 to 2004-05. This proved to be challenging, as California’s communities and regions are diverse, as are the LWIAs. Additionally, in order for the workforce investment system to optimize the use of these funds, the Workgroup addressed many objectives; however, the following objectives were of greatest concern:

- Ensure that LWIAs can and do adequately respond effectively to significant layoffs in their areas;
- Provide timely and equitable access to resources for each LWIA, based on recent information indicating relative need;
- Ensure that portions of the funds are directed toward system-capacity building activities and continuous improvement;
- Encourage the development of layoff aversion strategies;
- Recognize the uniqueness of each LWIA and allow them the opportunity to tailor their local system to best fit their area’s needs;
- Encourage LWIAs to engage their local business community and understand their needs; and
- Focus on the Governor’s priorities for the development of California’s economy.

## **Conclusion**

The recommended policy will accomplish the following:

- Insure that every WIA has at least a minimum level of capacity to support rapid response activities.
- Implement a more accurate method, based on more timely and relevant information, of allocating resources so that funding follows changing needs;
- Allow greater flexibility -with responsibility- at the local level for blended approaches to rapid response, and eliminate the separation of funding for “required” and “allowable” activities.
- Provide “additional assistance” to LWIAs without adequate WIA dislocated worker resources to address the effects of events that cause substantial increases in unemployment.

- Define the role of the California Rapid Response System and the Dislocated Worker Additional assistance, and instill the State Board and Administration's priorities into the system.
- Further focus WIA training funds (Dislocated Worker Additional Assistance) on these priorities for furthering the development of California's economy.



**Framework for California Workforce Investment Act  
Dislocated Worker 25 Percent Funding  
Beginning Fiscal Year 2004/05**

**Background**

The Federal Workforce Investment Act (WIA) of 1998 provides that the Governor may reserve for statewide workforce investment activities up to 25 percent from the amount allotted to the State for dislocated worker employment and training activities. Of these “25 Percent” funds, the State is required to set aside an adequate amount for *Rapid Response* activities. Once adequate funding is available for Rapid Response, the State may use the remaining 25 Percent funds to provide “Additional Assistance” to local areas experiencing high levels of unemployment due to closures, mass layoffs, or disasters, and that do not have adequate resources to address the resulting needs.

In order to ensure that the 25 Percent funds overall, and specifically the Rapid Response and Additional Assistance funds, are appropriately distributed to Local Workforce Investment Areas (LWIA), the California Workforce Investment Board established a “25 Percent Workgroup” (Workgroup). The Workgroup has proposed the following statement as the role of the Rapid Response system and approaches for awarding these resources.

**Role of the California Rapid Response System (Action Item)**

The *California Rapid Response System’s role* is to support the state’s economy and local economies by:

- Assisting workers to quickly return to productive positions in the labor force;
- Assisting employers to explore alternatives to layoffs through human resource solutions;
- Reducing the economic and social burdens that unemployment adds to employers, workers, and the community; and
- Providing local communities, workforce investment partners, employers, and workers with timely and pertinent information to anticipate and profit from economic development opportunities.

*Additional Assistance* is state support to local areas without adequate dislocated worker resources to address the effects of disasters, mass layoffs or plant closings or other events that precipitate substantial increases in the number of unemployed individuals. These funds provide opportunities to individuals for the mutual benefit to their quality of life and continuance of the economic growth and recovery of California’s regional economies.

**Overall Funding Approach (Action Item)**

Beginning Program Year (PY) 2004-05, the State plans to create a Rapid Response Reserve fund equal to one-half of the 25 Percent funds. The State will award these funds to Local Workforce Investment Areas (LWIA) based on three separate processes: (1) a baseline allocation evenly divided among LWIAs; with multi-county LWIAs receiving an extra share for each additional county for Rapid Response coordination and services to smaller layoffs, (2) an allocation for

local areas that serve regions where significant dislocation events occur, based on the volume of worker dislocation in the LWIA, and (3) for competitive grants for allowable rapid response activities that conform to the priorities recommended to the Governor by the State Board.

The State will reserve the remaining half of the 25 Percent funds to provide Additional Assistance.

### **California Rapid Response System Funding Categories (Action Item)**

#### *Baseline Funding*

To ensure that every LWIA has at least a minimum level of capacity to support Rapid Response, the State will allocate 30 percent of the Rapid Response Reserve equally among the LWIAs, with multiple county LWIAs receiving an extra share for each county in the consortium. Based on the dislocated worker funds allotted to California for PY 2004-05, each LWIA would receive an equal share. Multiple-county LWIAs would receive an extra share for each additional county.

#### *Dislocation Events Funding*

To ensure that resources are available to provide required Rapid Response activities when there are significant business closures and layoffs, the State will allocate 45 percent of the Rapid Response Reserve based on data reflecting the number of on-site orientations the LWIAs provided to employees affected by layoffs of 10 or more.

As this funding category will be based upon quantifiable data, actual current need will determine LWIA funding allocation, rather than historical funding need.

#### *Competitive Priorities Funding*

To support building the capacity of the Rapid Response system and to enable local areas to conduct Rapid Response activities permitted by the law, the State will award competitively 25 percent of the Rapid Response Reserve funds for projects that best satisfy the following criteria:

- Compliance with the WIA and administrative requirements;
- Return on investment; and
- The Governor's, and California Workforce Investment Board's, priorities.

See Appendix A for details.

### **Additional Assistance Funding**

The State will reserve as *Additional Assistance* all 25 Percent funds not awarded for Rapid Response. These funds will be awarded on an as-needed basis to LWIAs that encounter unexpected levels of layoff activity that exceed their ability to serve the population of dislocated workers in their community.

In order for an LWIA proposal to be funded the proposal must meet the following criteria:

- Comply with the WIA legal and administrative requirements;
- Demonstrate an effective *return on investment*; and
- Conform to the Governor's, and California Workforce Investment Board's, priorities.

See Appendix B for details.

## **Priorities for Rapid Response Competitively Funded Projects Proposed Funding Approach**

Beginning Program Year (PY) 2004-05, the State will award up to 25 percent of the Rapid Response reserve funds for Rapid Response Allowable Activities projects. The State will rate proposals for this funding based on the following factors:

### **WIA and Administrative Requirements**

All proposals for allowable rapid response funding must conform to Workforce Investment Act (WIA) Rapid Response required and allowable activities (20 CFR 665.310 and 665.320).

Each Local Workforce Investment Area (LWIA) may only receive one Rapid Response Allowable Activities grant. Each grant will not exceed \$250,000. Proposals that the State rates highly will be funded. The State will reserve as Additional Assistance any funds not awarded from this segment of Rapid Response funding.

### **Return on Investment (ROI)**

As Rapid Response funding is becoming increasingly limited, the State is requiring that each proposal be evaluated for the return on investment. The following factors will be considered for each proposal:

- Past performance regarding the implementation of past Rapid Response “allowable activity” grants;
- Effects/benefits/outcomes;
- Cost effectiveness; and
- Sustainability

### **State Priorities**

The California Workforce Investment Board has recommended the following priorities to the Governor, for use in awarding 25 Percent Rapid Response Allowable Activities grants in PY 2004-05.

1. Required Rapid Response—This category is intended for additional funding to local areas that have levels of dislocation that demand required Rapid Response activities beyond what is funded in the Required Rapid Activities funding segment. This is to ensure California’s Rapid Response System maintains the capacity to deliver basic/ required WIA Rapid Response activities.
2. Mitigation of Rapid Response funding losses between PY 2003-04 and PY 2004-05.
3. Lay-off aversion—Funding to develop plans to identify and assist employers at risk of layoffs due to competitive factors.

- Local areas identify partnerships with private organizations that provide job training, including employers and/or private training providers, in order to leverage training opportunities for clients and minimize duplication of training efforts.
  - Local areas establish partnerships with private organizations, such as employers, economic development organizations and Chambers of Commerce, to gather information on changing workforce needs due to changes in the economy to ensure that the WIA funded training is current and relevant.
4. Innovation—Projects funded under this category are intended to support innovative efforts to expand or redesign local rapid response systems to become more responsive to local businesses- large and small.
  5. Small Business Services—As the majority of California’s workforce is employed by small businesses, it is not feasible to provide on-site service to all California businesses that employ less than 10 workers. Therefore, innovation will be required to serve California’s small businesses in a systematic manner.
  6. Regional Impact—Projects under this category are intended to support efforts focused on regional industries and labor markets that are identified through funded endeavors (Regional Economies Project, local grants, etc.) as emerging, critical, and/or changing.

## **25 Percent Additional Assistance Funding Approach**

**Additional Assistance** is state support to local areas without adequate dislocated worker resources to address the effects of disasters, mass layoffs or plant closings or other events that precipitate substantial increases in the number of unemployed individuals. These funds provide opportunities to individuals for the mutual benefit to their quality of life and continuance of the economic growth and recovery of California's regional economies.

Beginning Program Year (PY) 2004-05, the State will award Workforce Investment Act (WIA) 25 Percent funds for Additional Assistance based on the following factors:

### **WIA Legal and Administrative Requirements**

A Local Workforce Investment Area (LWIA) may request WIA Dislocated Worker 25 Percent Additional Assistance funds when it does not have other resources to provide direct services to workers affected by mass layoffs, facility closings or natural or other disasters.

To receive funding, the LWIA must complete an application and submit it to Employment Development Department (EDD). In the application, the LWIA describes the events that have led to the unexpected and increased demand for service by the dislocated workers in the local area, the services to be provided, and why existing resources are not adequate to meet the need.

### **Return on Investment (ROI)**

As training funds become increasingly limited the California Workforce Investment Board (State Board) is requiring that each proposal be evaluated for the return on investment. The following are the factors for consideration:

- Number of WIA eligible dislocated workers to be served;
- The number who will receive training and the types of training to be provided;
- Average cost per participant;
- The number of participants who will enter employment following training;
- The number of participants who will retain employment for at least six months;
- The projected earnings change after employment;
- Past performance regarding the delivery of dislocated worker services and
- Past WIA 25 percent grants.

### **Governor's and California State Board's Priorities**

The California State Board identifies the following three priorities to provide opportunities to individuals for the mutual benefit to their quality of life and continuance of the economic growth and recovery of California's regional economies, which will be recommended for use in distributing the Dislocated Worker 25 Percent Additional Assistance Funds beginning PY 2004-05.

1. Growth Industries—High Wage, High Skill Job Training

Projects in this category will be designed to prepare dislocated workers for high-wage, high skill jobs that help California's businesses succeed and expand. They will address two types of industries: those where current skill shortages are hampering business growth, and those expected to play major roles in the expansion of California's economy, where the hiring of skilled workers for business expansion will be a key priority.

Criteria for projects:

- Target select industry sectors and/or clusters that are significant to the growth and/or stability of the economy. Identify these industries/clusters based on findings from the Regional Economies Project and/or related labor market information.
- Leverage government and private funding from multi-stakeholders. Local areas expand available services through partnerships with other state and federal programs, such as CalWORKs' job training and placement efforts and the Small Business Development Center program.
- Exhibit a public-private partnership. Local areas identify partnerships with private organizations that provide job training, including employers and/or private training providers, in order to leverage training opportunities for clients and minimize duplication of training efforts.
- Activities will result in immediate and stable employment for the participants, including on-the-job training.

2. Removing Barriers for Special Needs Populations—Significant segments of California's workers face barriers to achieving and maintaining employment, while many businesses are unable to find both entry-level and skilled workers to fill available jobs. Projects under this category will provide customized services to help dislocated workers prepare for and gain employment, often in jobs that businesses may otherwise be unable to fill.

Criteria for projects:

- Target special populations that generally have barriers to career advancement (usually underrepresented populations);
- Upgrade the skill levels of participants for jobs that are in demand.

3. Industries with a Statewide Need—Transference of Workforce Specific industry sectors, such as health care, have a well-documented shortage of workers. Other sectors, such as bioscience, are experiencing rapid growth that is, in part, dependent upon a skilled workforce prepared to fill the jobs that are being created. These projects will provide the opportunity for dislocated workers to fill specific industry occupations where significant shortages exist, or where such shortages can be projected based on labor market and economic development forecasts.

Criteria for projects:

- Target specific industries that demonstrate a shortage of skilled workers or a high demand for workers.
- Targeted industries that are crucial to California's economic well being.
- Job training for participants is completed in a limited period of time.

**Action Item – Policy Development for Changes/Modifications to  
Existing Local Area Designations**



## Policy Development for Changes/Modifications to Existing Local Area Designations

### Action Request

The State Board develop policy that will: 1) define the purview of the State Board regarding proposed changes to Local Workforce Investment Areas (LWIAs); 2) establish provisions or guidelines for assessing such proposed changes; and 3) provide direction and guidance to LWIAs that are seeking to integrate or modify their existing boundaries. The proposed policy will be considered by the State Board at the next regularly scheduled meeting.

### Background

The State Board staff has received a request from an LWIA proposing a change to their existing LWIA.

The Workforce Investment Act of 1998, section 116(a) Designation of Areas; provides the process that the Governor of the State shall use to initially designate local workforce investment areas within the state. The WIA provides three potential designations, with Approval from the Governor;

- Automatic Designation
  - a) from any unit of local government with a population of 500,000 or more
  - b) areas served by a rural concentrated employment program grant
  - c) an area that served as a service delivery area under the Job Training Partnership Act.
- Temporary and Subsequent Designation
  - a) For up to two years, of units of general local government with populations of 200,000 or more that served as service delivery areas under the JTPA; and
- Designation on Recommendation of the State Board
  - a) A request from any unit of general local government (including a combination of such units) with populations of less than 200,000, meeting the “successful performance” or “fiscal integrity” requirements, that is recommended for approval by the State Board.

The WIA **does not** contain provisions or guidelines to direct the activity for integration and/or modification to existing LWIAs. CWIB staff engaged the Department of Labor in a discussion of this topic, and was advised that this should be addressed at the State level. CWIB staff in collaboration with Employment Development Department (EDD) staff consulted with EDD’s legal team. Legal counsel has recommended that the State Board develop a policy to resolve requests for changes in designations to existing LWIAs.

**Regional Economies Project**



## ***CALIFORNIA REGIONAL ECONOMIES PROJECT (CREP)***

### **GOALS:**

- To develop information that better measures the performance of California's regional economies, including the changes in the region's economic base, and
- Identify emerging opportunities for future growth

The CREP project is funded by the California Workforce Investment Board (CALWIB), under the auspices of a partnership with the California Economic Strategy Panel (CESP). The economic information developed will be presented at nine regional forums throughout the State (see the list below for details). The forums are hosted by local Workforce Investment Boards (WIBs), in collaboration with economic development corporations and other partners. The project is staffed by a consultant team including Collaborative Economics, Center for the Continuing Study of the California Economy, California Center for Regional Leadership, and J.K. Inc., with guidance provided by a Joint Advisory Committee of CALWIB and CESP.

### **CREP FORUM FOCUS:**

Interactive regional forums feature:

- Presentations on the region's changing regional economic base, both cyclical and structural (using the new North American Industry Classification System - NAICS - from 1990-2002)
- Overview of updated regional industry clusters
- Methodology to identify emerging industry cluster opportunities
- Discussion among a panel of business leaders on how their industries are changing and the implications for workforce investment
- Audience discussion, with participants asked for their perspectives on the information presented, including additional industry clusters that should be further studied

### **OUTCOMES:**

The CREP forums provide new information to enhance industry and workforce planning and investments by local WIBs, economic development organizations, educational institutions, and other community partners. They also provide a bridge connecting regional economic strategies to workforce policies, programs, and resources at the state and regional levels. In addition to receiving economic information and advising further industry cluster studies, participants are provided with "how-to" information on the project's methodology, so they will be able to improve their own use of the data. Emerging from the forums and economic analysis, the project team (in consultation with the Joint Advisory Committee) will prepare three monographs on key policy issues, including cross-regional issues.

<b>Upcoming Forums:</b>	<b>Past Forums:</b>
May 14, 2004: Central Coast	October 17, 2003: Bay Area
May 25, 2004: Southern CA	November 14, 2003: North Sacramento Valley
	January 14, 2004: Southern Border
	February 11, 2004: Central Sierra Nevada
	February 26, 2004: Central Valley
	April 19, 2004: Northern California
	April 26, 2004: Greater Sacramento

For additional information about the Project, please visit [www.labor.ca.gov/panel/](http://www.labor.ca.gov/panel/), or contact Ed Kawahara at [ed.kawahara@labor.ca.gov](mailto:ed.kawahara@labor.ca.gov) (916.324.9234), or Janet Maglinte at [jmaglinte@cwib.ca.gov](mailto:jmaglinte@cwib.ca.gov) (916-324-3485).

**Action Item – WIA Incentive Policy**

## WIA Incentive Policy

### Recommended Action

Modify the current percentage split of the Incentive Award policy as follows and modify the category percentage distributions:

- Allocate 70% of Workforce Investment Act (WIA) available Incentive Award funds for Exemplary Performance awards. Local Workforce Investment Boards (LWIBs) that meet their negotiated performance indicators in each of the four client groups (adults, dislocated workers, older youth and younger youth) will receive a full incentive award or partial award depending on the outcomes achieved.
- Remove the weighted percentage allocations and evenly distribute the awards across the four client groups to an even 25% distribution per category.
- Allocate 30% of available Incentive Award funds for regional collaboration or local coordination. Awards will be provided to Local Workforce Investment Boards (LWIBs) that can demonstrate successful regional collaboration efforts among local boards or local coordination efforts within its Local Workforce Investment Area (LWIA).

### Background

Under the Workforce Investment Act (WIA), a key principle is that states and Local Workforce Investment Boards (LWIB) have the increased authority and flexibility to design and implement workforce investment strategies and innovative programs that meet local needs. To encourage LWIBs in developing innovative employment and training strategies, the Workforce Investment Act **requires** the State to use a portion of the Governor's 15 Percent Discretionary Funds to award local areas with incentive grant funds to encourage regional cooperation among local boards, for local coordination of the delivery of WIA services, and for achieving Exemplary Performance in the operation of their local WIA programs [WIA, § 134 (a)(2)(B)(iii)].

The State Board approved a WIA Incentive Award policy at its June 26, 2001 meeting. This policy was predicated on data describing WIA performance within California's One-Stop Career Center system and local input on the importance of combined WIA coordination efforts at the regional and local levels. The policy provided that incentive awards be allocated as follows:

- 30% for Exemplary Performance
- 70% for Regional and Local Coordination

Since developing this policy, circumstances have changed impacting the fifty (50) Local Workforce Investment Areas in California. First and foremost, WIA fund allocations from the Federal Department of Labor are significantly less, declining approximately \$175 million since the inception of WIA. Local areas are struggling to meet the growing demand for employment and training services with less funding to do so. The shift in percentage will provide the local areas with a potential source of additional funds to augment existing services or to use the potential award as needed.

Additionally, the workforce investment system has made progress in the development of partnerships and establishing regional and local collaborations. In part, this progress has been stimulated in California through federal and state resources for developing and strengthening collaborations and coordination between the WIA system and Community and Faith Based organizations.

**Update on WIA Performance for Fiscal Year 2003/04 and  
Renegotiation of Goals**

## SUMMARY OF CURRENT TRENDS IN WORKFORCE INVESTMENT ACT (WIA) PERFORMANCE

As required under WIA Section 136, the Workforce Investment Division, as the Governor's WIA Title I administrative entity, annually negotiates WIA Title I performance goals with the Secretary of Labor. There are 17 Title I performance measures. If the State attains all of its WIA Title I goals as well as the State's performance goals under the WIA Title II Adult Education and Family Literacy and under the Carl D. Perkins Vocational and Technical Education Act the State is entitled to an incentive award. Per Training and Employment Guidance Letter 8-99 section G: "if performance is unacceptable for two consecutive years on the same performance indicator, monetary sanctions may be imposed."

The table that follows displays the trend in WIA performance by year and program area since the July 2000 implementation of the WIA. When reviewing these performance results, it is important to note the significant lag between the program year (PY) and the DOL defined cohort of clients that is being evaluated for performance. The client cohorts for each year are defined at the bottom of the table.

California's performance has shown improvement since the implementation of WIA, particularly in the Younger and Older Youth programs; however, the State's success has been challenged by the economic downturn that began in 2001. Based on three quarters of data for PY 2003-04, California is struggling to meet all of its performance goals under the **Adult Program** and the retention and wage replacement measures under the **Dislocated Worker Program**. The State is just barely over its Dislocated Worker entered employment goal and is at risk of missing that goal. It should be noted, however, that California is currently within 80 percent on all of the WIA Title I performance goals. This is the required threshold to avoid risk of financial sanctions for nonperformance. The State has not been sanctioned nor have we received an incentive award since the implementation of WIA.

Based on staff analysis, California is having difficulty attaining our performance goals for the following reasons:

- California's unemployment rate has been high throughout the performance period. Between October 2002 and September 2003, California's unemployment rate held steady at about 6.8 percent. The State experienced the highest unemployment rates since this economic downturn began during this 12-month period. The national rate during this same period was almost a percentage point lower at 6.0 percent.
- With some exceptions, the State's performance goals, negotiated with the Department of Labor, have continued to increase despite weak economic conditions and the jobless recovery.
- Wage gains have been particularly difficult to attain. High unemployment rates increase the demand for services to low-income workers with some attachment to the



labor market. The current Adult wage gain goal of \$3,400 requires a full time worker to experience a \$3.27 an hour wage increase post-program. The higher the client's wages prior to entering the program, the harder that wage increase is to obtain. The Department of Labor's Adult Wage Gain performance goal for Federal Fiscal Year (FFY) 2003-04 is \$3,100, down from \$3,475 in the prior FFY.

## WIA PERFORMANCE

	PY 2000/01 <sup>1/</sup> Performance		PY 2001/02 <sup>1/</sup> Performance		PY 2002/03 <sup>1/</sup> Performance		PY 2003/04 <sup>2/</sup> Performance	
Performance Measure	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal
<u>Adult Program</u>								
Entered Employment	72%	66%	77%	68%	73%	70%	68%	72%
Retention	81%	74%	82%	76%	81%	78%	80%	81%
Wage Gain	\$4,162	\$3,500	\$3,419	\$3,600	\$2,759	\$3,400	\$2,963	\$3,400
Employment and Credential	13%	40%	54%	50%	54%	50%	49%	50%
<u>Dislocated Workers</u>								
Entered Employment	77%	68%	83%	69%	83%	70%	80%	79%
Retention	87%	81%	88%	83%	88%	85%	87%	88%
Wage Replacement	102%	85%	104%	86%	84%	88%	81%	96%
Employment and Credential	17%	40%	58%	42%	65%	45%	67%	58%
<u>Older Youth</u>								
Entered Employment	68%	55%	71%	56%	71%	58%	71%	66%
Retention	78%	70%	79%	72%	80%	74%	78%	76.5%
Wage Gain	\$3,472	\$2,500	\$3,191	\$2,600	\$3,464	\$2,700	\$3,472	\$3,000
Employment and Credential	6%	36%	27%	42%	33%	30%	33%	30%
<u>Younger Youth</u>								
Skill Attainment	89%	65%	84%	70%	79%	75%	79%	76%
Diploma or Equivalent	54%	40%	53%	42%	64%	45%	71%	55%
Retention (Education, Military or Employment)	53%	40%	53%	42%	59%	45%	61%	53%
<u>Employer Customer Satisfaction (Index)</u>								
	0	64	76	65	73	66	78	75
<u>Job Seeker Customer Satisfaction (Index)</u>								
	73	66	77	67	76	68	76	75

<sup>1/</sup> For Program Years (PY) 2000, 2001, and 2002 the performance cohort for the entered employment, employment and credential, retention and wages is from October 1 of the previous program year to September 30 of the current program year. For example, for PY 2002, the client cohort being evaluated is October 1, 2001 through September 30, 2002. For the Skill Attainment measure the cohort is Younger Youth clients scheduled to reach their goals during the PY, July 1 through June 30. The Younger Youth Diploma and Equivalent rate is based on Younger Youth leaving the program during the PY.

<sup>2/</sup> For PY 2003, the Department of Labor redefined the performance cohorts in order to accommodate earlier completion of the Annual Report. For this PY the cohort for the Entered Employment Rates and the Employment and Credential Rates is October 1, 2002 through September 30, 2003. The wage and retention measures are based on the clients leaving the programs between April 1, 2002 and March 31, 2003. The Skill Attainment Rate and the Diploma and Equivalent Rate evaluate the performance for clients leaving the Younger Youth Program between April 1, 2003 and March 31, 2004.

**Report on WIA Funding Allocations**

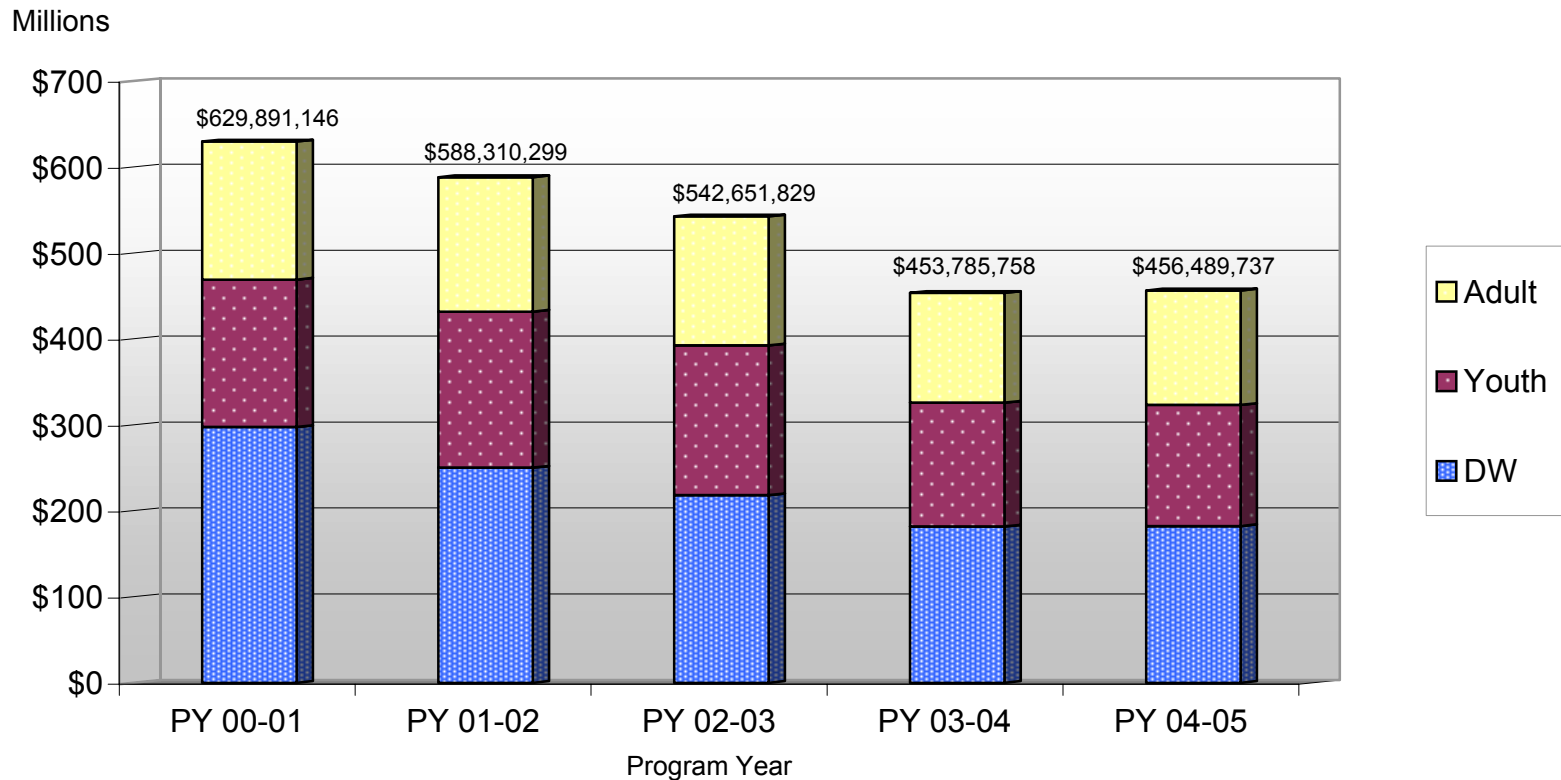
- **WIA Funding for the State of California for Program Years 2000-01 through 2004-05**

### **Report on WIA Funding Allocations**

Employment Development Department staff will provide a brief overview of California's WIA funding since the inception of the program. As illustrated on Attachment 1, California's funding has experienced a reduction of \$173 million. These reductions have caused a strain for local areas in the delivery of worker training programs. A representative from the California Workforce Association will provide information on how these funding reductions have affected state and local program operations.

**Workforce Investment Act (WIA) funding for the State of California for Program Years (PY) 00-01 through 04-05**

<u>WIA funding stream</u>	<u>PY 00-01</u>	<u>PY 01-02</u>	<u>PY 02-03</u>	<u>PY 03-04</u>	<u>PY 04-05</u>
Adult	\$160,743,770	\$156,375,879	\$150,007,089	\$127,752,492	\$132,993,142
Youth	\$171,424,027	\$181,546,639	\$174,352,954	\$144,177,321	\$141,024,592
Dislocated Worker (DW)	\$297,723,349	\$250,387,781	\$218,291,786	\$181,855,945	\$182,472,003
<b>TOTAL</b>	<b>\$629,891,146</b>	<b>\$588,310,299</b>	<b>\$542,651,829</b>	<b>\$453,785,758</b>	<b>\$456,489,737</b>



**Department of Labor Report**